



WHAT?

Makes You Think I Can Pay That?

By Austin Sargent

Wage data varies by industry as well as geographic area. The variation in industry wages is primarily based on two factors. The most obvious factor is that wages are related to skill level. Higher skills generally command higher wages. Secondly, the employment concentration of the specific occupation in an industry also impacts the level of wages paid.

Of these two, skill level is the main source of wage differences. Still, competition based on the number of workers for an occupation, whether many or few, affects the level of wages for that job. For any occupation, the more competition, the more downward pressure there will be on wages, since employers can draw from a larger labor pool. Workers in low wage jobs, like fast food workers and cashiers, often find themselves caught in the conundrum of having low skills and facing heavy competition for these jobs.

Another important facet of the employment concentration is that it reflects where work opportunities for an occupation are found. For example, while average hourly wages for computer programmers are higher in mining than in any other industry, only 0.5% of all computer programmers work in this industry. In contrast, the services industry employs 58 percent of all computer programmers, and its average hourly wage is just slightly higher than the overall state average. Since employment in

the services industry is so high, more work opportunities will be found in this industry than in mining.

In all industries, occupations that lack "specialized" skills have very comparable wage rates. The average hourly wage rates for secretaries are very similar across all industries. All industries have need of clerical support.

This need sustains demand for these positions. Even though the demand is relatively high, the supply of workers is also large, since few

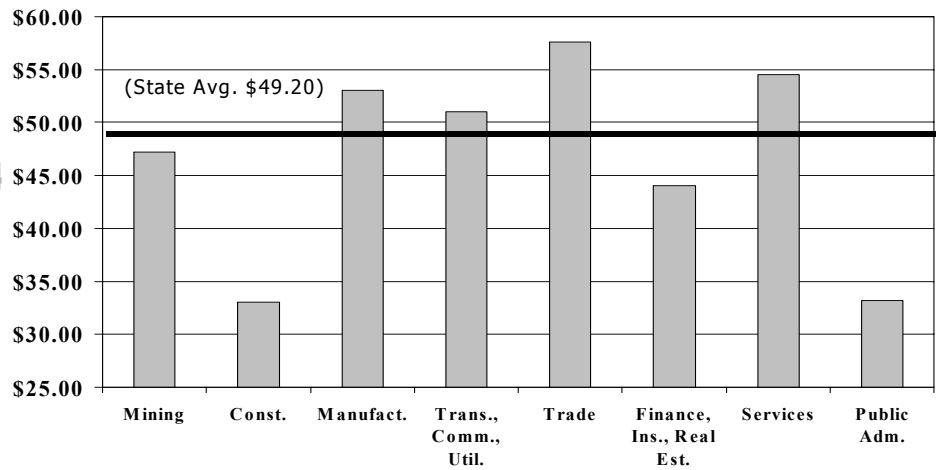
"specialized" skills are required. As a result, office and administrative support occupations—secretaries, office clerks, receptionists, etc.—form the single largest occupational group, with more than 188,000 workers. Since there are so many workers in these occupations sharing similar skills, wages tend to be not only lower but also more consistent across industries. Examples of average hourly earnings by selected occupations are shown in the graphs.



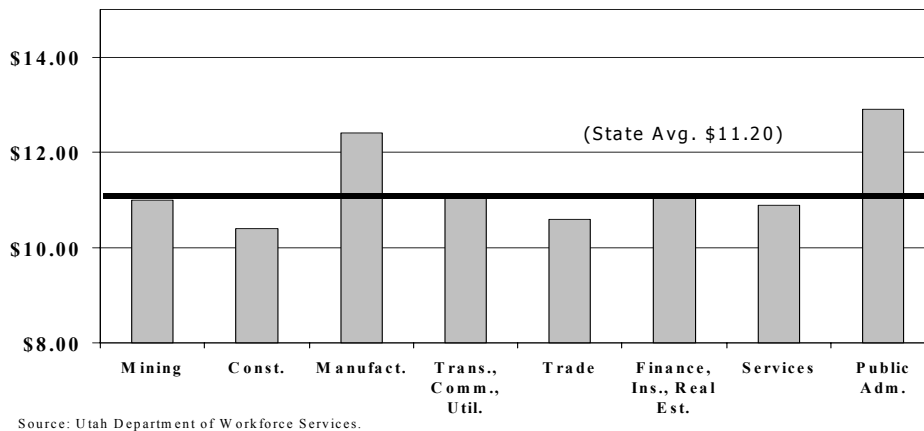
Using all-industries wages gives a solid picture of the level of wages paid for a given occupation. However, it should always be remembered that wages for the same occupation can and do vary by industry, based on its concentration in that industry and the skill level required to do the job.



Average Hourly Earnings for Lawyers by Industry, 2001-02



Average Hourly Earnings for Secretaries by Industry, 2001-2002



Average Hourly Earnings for Computer Programmers by Industry, 2001-2002

